

TENNESSEE REGULATORY AUTHORITY

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T.R.A. DOCKET ROOM

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

April 22, 2004

Mr. Archie Hickerson
Manager-Rates
AGL Resources, Inc.
Location 1686
P. O. Box 4569
Atlanta, GA 30307

RE Docket No. 04-00034 – Petition of Chattanooga Gas Company for Approval of Adjustment of Its Rates and Charges and Revised Tariff

Dear Mr. Hickerson:

After reviewing your petition, we have discovered that certain additional information is needed to complete the application. Please provide the following information, an original and thirteen (13) copies, addressed to:

Deborah Taylor Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

129 The following questions refer to the test year balances in certain O&M accounts.

- a. Acct 670570 – Provide a detailed list of transactions (amounts and descriptions) for the months of July 2003 and September 2003
- b. Acct 670201 - Provide a detailed list of transactions (amounts and descriptions) for the month of July 2003.
- c. Acct 670850 - Explain why the monthly charges for January 2003 and February 2003 are so dramatically higher than other months in the test period
- d. Acct 670805 - Explain why the monthly charge for July 2003 is so dramatically higher than other months in the test period. Provide a list of the transactions (amounts and descriptions) for this month.
- e. Acct 670300 – What is “General Business Insurance?” Did Chattanooga carry this type of insurance prior to December 2002? If so, what account was it charged to?
- f. Acct. 670840 - Provide a detailed list of transactions (amounts and descriptions) for the months of February 2003 through April 2003.

- g. Acct. 675100 – Explain why the expense for August 2003 was significantly higher than other months of the test period. Provide a detailed list of transactions (amounts and descriptions) for this month.
 - h. Acct 625200 – Explain why there is expense in only one month of the test period (December 2002).
- 130. Provide detailed schedules showing AGL Service Company's total expenses (by account number) for the test period that were allocated to AGLR affiliates. Also, break down these expenses showing the amounts allocated to each affiliate.
- 131. Expense account numbers 671412 through 671430 show allocations to Chattanooga Gas beginning in April 2003. Explain these allocations in more detail, including the start date of April 2003. How were these allocations made prior to April 2003?
- 132. Refer to account 671012 (AGLR Alloc Other Benefits). Please describe what benefits are included in this account.
- 133. For the following "chargeback" accounts, explain the term "chargeback" and describe the charges included in each account.
 - 671400 (Info Svcs Lights On Chargeback)
 - 671402 (Direct Chg OM Project Chgback)
 - 671403 (Direct Assigned Chargeback)
 - 671404 (Allocated-Distributed Chargebk)
 - 671406 (Sequent Chargeback-CHAT)
- 134. Explain in more detail the \$452,939 adjustment to the test period AGL Service Company allocations and the \$533,803 adjustment to the attrition period allocations. Your explanation should include (but not be limited to)
 - a. the nature of the cost savings
 - b. the reason Chattanooga is being charged for "savings"
 - c. the company's methodology for determining these cost savings
 - d. the calculation of the 5 14% and 5% used on CGC schedule 25-1, page 10
 - e. the rationale for the 50% included in CGC's allocation of these "savings"
 - f. the percentages applicable to the other affiliates, and the amounts included in their cost of service during the test period
- 135. Regarding the cost savings allocation to Chattanooga referenced in item #134, explain your response to MFR data request item #14 (d.) You state "The formation of AGSC provided improved efficiencies and economies of scale, which resulted in **lower** cost allocations to CGC for shared services of approximately \$500,000." (emphasis added) Reconcile this statement to the adjustment made to the attrition period allocated costs.

Staff Data Request

Docket 04-00034

4/22/2004

Page 3 of 3

136. To what account(s) have the costs for the proposed Bare Steel and Cast Iron Replacement Program been included in the Company's attrition year forecast? Supply the account numbers and the amounts included in each

Please respond by April 29, 2004. Thank you for your attention to this matter. If you should have any questions, you may contact me at (615) 741-2904, ext. 178.

Sincerely,



Pat Murphy

Senior Financial Analyst

Energy and Water Division

cc: Steven Lindsey
D. Billye Sanders
John Ebert
Elizabeth Wade

DR 4-22-04 (due 4-29) #129-136